

Summary Report of Consolidated Business Results  
for the First Quarter of Fiscal Year 2014  
(January 1, 2014 – March 31, 2014)

OSAKA, JAPAN – May 9, 2014 - TOYO TIRE & RUBBER CO., LTD. (“the Company”; President and CEO: Akira Nobuki) announces its Consolidated Business Results for the First Quarter of Fiscal Year 2014 (January 1, 2014 through March 31, 2014) as follows:

(1) Business Results

- Net Sales : 96,007 million yen (an increase of 12,471 million yen or 14.9% from the same period of for FY2013)
- Operating Income : 11,131 million yen (an increase of 5,169 million yen or 86.7% from the same period of for FY2013)
- Ordinary Income : 9,647 million yen ( an increase of 3,610 million yen or 59.8% from the same period for FY2013)
- Net Income : 9,081 million yen ( an increase of 4,847 million yen or 114.5% from the same period for FY2013)

Results by Business Units were as follows:

1. Tire Business Unit

The tire business unit posted net sales of 75,249 million yen (an increase of 10,514 million yen or 16.2% from the same period for FY2013) and operating income of 10,045 million yen (an increase of 4,971 million yen or 98.0% from the same period for FY2013)

- A Original Equipment Tire : for the Domestic in Japan  
Automobile production volume in Japan increased on rush demand in advance of the consumption tax hike, but due to a shift in production to car models not equipped with Company tires, unit sales and net sales declined compared with the same period the previous year.
- B Replacement Tire : for Japanese Domestic Market  
Unit sales and net sales increased compared with the same period the previous year as a result of strong sales of TRANPATH series minivan tires released as new products and rush demand in advance of the consumption tax hike.
- C Replacement Tire : for Overseas Markets  
In the North American market, unit sales and net sales increased compared with the same period the previous year as a result of strong sales of high-value-added SUV tires accompanying economic recovery.  
In the Europe, unit sales and net sales increased compared with the same period the previous year as a result of acquiring new customers in Russia and rebounding demand in Germany.  
Unit sales and net sales also increased compared with the same period the previous year in China and Southeast Asia.

As a result, unit sales and net sales increased compared with the same period the previous year for the overseas markets as a whole.

## 2. DiverTech Business Units (Non-Tire Business Units)

The DiverTech units posted net sales of 20,741 million yen (an increase of 1,952 million yen or 10.4% from the same period for FY2013) and an operating income of 772 million yen (an increase of 130 million yen or 20.3% from the same period for FY2013)

### A Transportation

Net sales of anti-vibration rubber and seat cushions for automobiles increased compared with the same period the previous year due to robust car production in Japan resulting from rush demand in advance of the consumption tax hike. Net sales of air springs and anti-vibration rubber for railway cars increased compared with the same period the previous year as a result of receiving orders for the new railway car market overseas as well as strong sales to the maintenance and repair market in Japan.

### B Thermal Insulation & Waterproof Materials

In the thermal insulation materials segment, net sales increased compared with the same period the previous year on strong sales of rigid polyurethane products to building material manufacturers and materials to the agricultural sector. In the waterproofing materials segment, net sales remained at the same level compared with the same period the previous year from rush demand in advance of the consumption tax hike.

### C Industrial & Building Materials

In the industrial & building materials segment, sales of hoses used in the building industry were strong, but because sales of anti-vibration rubber for building construction are expected to be concentrated in the second half of the year, net sales decreased compared with the same period the previous year.

## (2) Qualitative data on consolidated financial position

Total assets as of the end of the first quarter consolidated accounting term were 417,688 million yen, a decrease of 15,638 million yen compared to the previous consolidated year-end accounting term. This was owed primarily to a decrease in investment securities due to a drop in the stock price as well as decreases in cash & deposits and notes & accounts receivable.

Liabilities were 275,198 million yen, a decrease of 16,618 million yen compared to the previous consolidated year-end accounting term. This was attributed mainly to an increase of long-term loans payable while there was a decrease in reserve allowances for antitrust litigation and income taxes payable.

Interest-bearing debt was 137,750 million yen, an increase of 7,900 million yen compared to the previous consolidated year-end accounting term.

Net assets as of the end of the first quarter consolidated accounting term were 142,489

million yen, an increase of 979 million yen compared to the previous consolidated year-end accounting term. This was mainly due to decreases in valuation difference on available-for-sale securities and foreign currency translation adjustment while there was an increase in retained earnings.

As a result, the capital ratio increased 1.4% compared to the previous consolidated year-end accounting term, to 33.2%.

### (3) Qualitative data on consolidated business results forecast

For the consolidated business results forecast for the first half of FY2014, due to an improved tire sales structure, a less-than-anticipated drop in sale prices, a decrease in raw material prices, and a weaker-than-expected yen, the previously announced forecasts (February 14, 2014) for operating income, ordinary income and net income will be adjusted upward.

The outlook for full-year results will not be revised at this time due to the many uncertain factors likely to impact future results, such as exchange rate and raw material price trends. The Company expects an exchange rate of 1 US dollar = 100 yen and 1 euro = 135 yen for the first half of FY 2014.

### Other

At the 98th ordinary shareholder's meeting convened on March 28, 2014, the Company passed a resolution effective July 1, 2014 to merge two shares of common stock into one. Thus, it was announced on February 17, 2014 that the projected dividend for the fiscal year ending December 2014 will be adjusted from 15 yen to 30 yen per share.

### Notable Litigation

On November 26, 2013 (U.S. time), the Company agreed with the U.S. Department of Justice to pay a \$120 million fine in connection with a breach of U.S. antitrust law pertaining to prices of anti-vibration rubber and joint boots components sold in the United States and elsewhere, and on February 6, 2014 (U.S. time), the Company received the court judgment and paid the required fine.

This matter was a class-action lawsuit in the U.S. and Canada brought against the Company and its subsidiaries, which as a result may have an impact on the Company's operating results. However, at this stage it is difficult to make a reasonable prediction of the result of such impact.

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2013	End of current fiscal year March 31, 2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	36,356	33,368
Notes and accounts receivable – trade	81,446	75,238
Merchandise and finished goods	42,441	41,050
Work in process	3,124	3,242
Raw materials and supplies	11,988	12,461
Other	16,687	16,808
Allowance for doubtful accounts	(195)	(124)
<b>Total current assets</b>	<b>191,848</b>	<b>182,045</b>
<b>Fixed Assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	54,117	53,184
Machinery, equipment and vehicles, net	73,496	75,539
Other, net	40,982	39,622
<b>Total property, plant and equipment</b>	<b>168,596</b>	<b>168,346</b>
<b>Intangible Assets</b>		
Goodwill	3,010	2,896
Other	5,710	5,451
<b>Total intangible assets</b>	<b>8,720</b>	<b>8,348</b>
<b>Investments and other assets</b>		
Investment securities	53,365	48,346
Other	11,016	10,819
Allowance for doubtful accounts	(220)	(217)
<b>Total investments and other assets</b>	<b>64,161</b>	<b>58,947</b>
<b>Total fixed assets</b>	<b>241,479</b>	<b>235,643</b>
<b>Total assets</b>	<b>433,327</b>	<b>417,688</b>

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2013	End of current fiscal year March 31, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	66,214	65,085
Short-term loans payable	26,416	23,594
Current portion of bonds	8,000	8,000
Income taxes payable	10,195	5,350
Accounts payable – other	17,350	15,362
Provision for alleged U.S. anti-trust law violation	12,646	—
Other	20,635	19,481
<b>Total current liabilities</b>	<b>161,459</b>	<b>136,874</b>
<b>Noncurrent liabilities</b>		
Bonds payable	20,000	20,000
Long-term loans payable	74,804	84,972
Provision for retirement benefits	13,230	13,188
Other provision	91	91
Other	22,231	20,072
<b>Total noncurrent liabilities</b>	<b>130,357</b>	<b>138,324</b>
<b>Total liabilities</b>	<b>291,817</b>	<b>275,198</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	30,484	30,484
Capital surplus	28,507	28,507
Retained earnings	48,210	54,244
Treasury stock	(117)	(118)
<b>Total shareholders' equity</b>	<b>107,085</b>	<b>113,118</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	22,230	19,002
Deferred gains or losses on hedges	(106)	(5)
Foreign currency translation adjustments	8,507	6,489
<b>Total accumulated other comprehensive income</b>	<b>30,631</b>	<b>25,486</b>
<b>Minority interests</b>	<b>3,793</b>	<b>3,885</b>
<b>Total net assets</b>	<b>141,510</b>	<b>142,489</b>
<b>Total liabilities and net assets</b>	<b>433,327</b>	<b>417,688</b>

## Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2013 (From January 1, 2013 to March 31, 2013)	FY2014 (From January 1, 2014 to March 31, 2014)
Net sales	83,535	96,007
Cost of sales	60,071	64,976
Gross profit	23,464	31,030
Selling, general and administrative expenses	17,502	19,898
Operating income	5,961	11,131
Non-operating income		
Interest income	53	88
Dividends income	71	181
Foreign exchange gains	852	—
Equity in earnings of affiliates	58	65
Other	321	271
Total non-operating income	1,358	607
Non-operating expenses		
Interest expenses	678	589
Foreign exchange losses	—	889
Other	604	612
Total non-operating expenses	1,283	2,091
Ordinary income	6,037	9,647
Extraordinary income		
Gain on sales of noncurrent assets	—	4,167
Total extraordinary income	—	4,167
Extraordinary loss		
Loss on retirement of noncurrent assets	86	46
Total extraordinary loss	86	46
Income before income taxes	5,950	13,768
Income taxes	1,696	4,493
Income before minority interests	4,253	9,275
Minority interests in income (loss)	18	193
Net income	4,234	9,081

## Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2013 (From January 1, 2013 to March 31, 2013)	FY2014 (From January 1, 2014 to March 31, 2014)
Income (loss) before minority interests	4,253	9,275
Other comprehensive income		
Valuation difference on available-for-sale securities	4,863	(3,227)
Deferred gains or losses on hedges	222	100
Foreign currency translation adjustment	5,573	(2,044)
Share of other comprehensive income of associates accounted for using equity method	106	(75)
Total other comprehensive income	10,766	(5,246)
Comprehensive income	15,019	4,028
(Comprehensive income attributable to)		
Owners of the parent	14,806	3,936
Minority interests	213	91